

**General Assembly
Fiscal Review Committee
For the Years Ended
June 30, 1998, Through June 30, 2000**

Arthur A. Hayes, Jr., CPA, JD, CFE

Director

Charles K. Bridges, CPA

Assistant Director

Ronald E. Anderson, CPA

Audit Manager

Suzanne Smotherman, CPA

In-Charge Auditor

Amy Brack

Editor

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-0264
(615) 741-3697

Financial/compliance audits of state departments and agencies are available on-line at
www.comptroller.state.tn.us/sa/reports/index.html.
For more information about the Comptroller of the Treasury, please visit our Web site at
www.comptroller.state.tn.us.



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
State Capitol
Nashville, Tennessee 37243-0260
(615) 741-2501

John G. Morgan
Comptroller

March 15, 2001

The Honorable John S. Wilder
Speaker of the Senate
and
The Honorable Jimmy Naifeh
Speaker of the House of Representatives
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
James Davenport, Executive Director
Fiscal Review Committee
War Memorial Building
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have conducted a financial and compliance audit of selected activities of the Fiscal Review Committee for the years ended June 30, 1998, through June 30, 2000.

We conducted our audit in accordance with generally accepted government auditing standards. These standards require that we obtain an understanding of management controls relevant to the audit and that we design the audit to provide reasonable assurance of the committee's compliance with the provisions of laws and regulations significant to the audit. Management of the Fiscal Review Committee is responsible for establishing and maintaining internal control and for complying with applicable laws and regulations.

Our audit resulted in no audit findings.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/ks
01/078

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit

Fiscal Review Committee

For the Years Ended June 30, 1998, Through June 30, 2000

AUDIT SCOPE

We have audited the Fiscal Review Committee for the period July 1, 1997, through June 30, 2000. Our audit scope included a review of management's controls and analytical procedures in the areas of expenditures and payroll and personnel. The audit was conducted in accordance with generally accepted government auditing standards.

AUDIT FINDINGS

The audit report contains no findings.

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-0264
(615) 741-3697

Financial/compliance audits of state departments and agencies are available on-line at
www.comptroller.state.tn.us/sa/reports/index.html.

For more information about the Comptroller of the Treasury, please visit our Web site at
www.comptroller.state.tn.us.

Audit Report
Fiscal Review Committee
For the Years Ended June 30, 1998, Through June 30, 2000

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
Post-Audit Authority	1
Background	1
AUDIT SCOPE	3
OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS	3
Expenditures	3
Payroll and Personnel	4
PRIOR AUDIT FINDINGS	4
APPENDIX	4
Allotment Code	4
Expenditures, Fiscal Year Ended June 30, 2000	5
Funding Sources, Fiscal Year Ended June 30, 2000	5
Expenditures, Fiscal Year Ended June 30, 1999	6
Funding Sources, Fiscal Year Ended June 30, 1999	6
Expenditures, Fiscal Year Ended June 30, 1998	7
Funding Sources, Fiscal Year Ended June 30, 1998	7

Fiscal Review Committee

For the Years Ended June 30, 1998, Through June 30, 2000

INTRODUCTION

POST-AUDIT AUTHORITY

This is the report on the financial and compliance audit of the Fiscal Review Committee. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

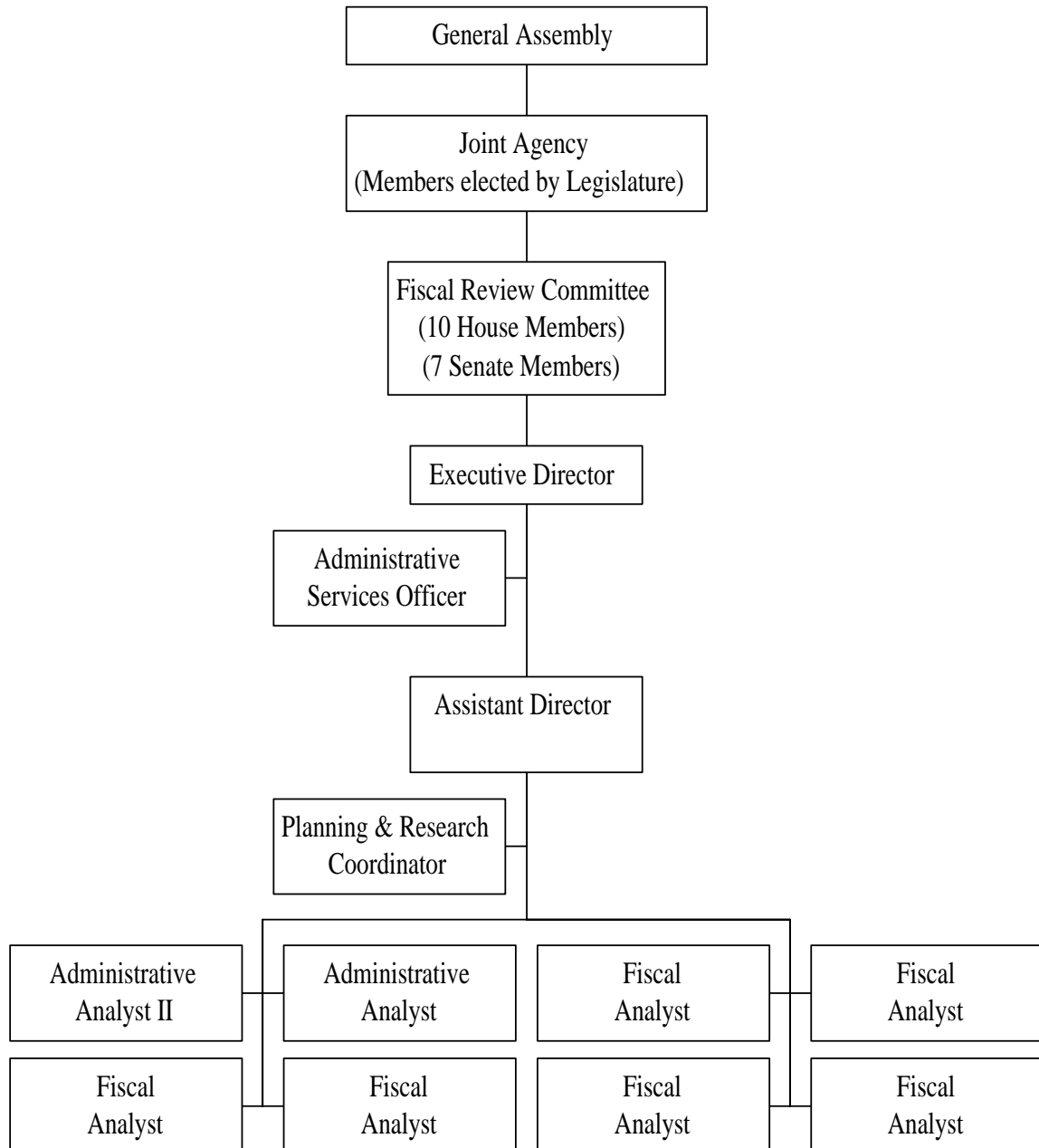
BACKGROUND

The Eighty-fifth General Assembly established the Fiscal Review Committee in 1967 as a special, continuing committee to keep the members of the legislature informed of the fiscal matters of the State of Tennessee. The committee is composed of six senators and nine representatives elected by their respective houses; the speakers of both houses; and the chairs of the Finance, Ways and Means Committees of both houses. The Comptroller of the Treasury serves as secretary and is directed to furnish staff as required.

The Fiscal Review Committee conducts a continuing review of the fiscal operations of state government. The committee is responsible for preparing and distributing the fiscal notes required by Section 3-2-107 of *Tennessee Code Annotated*. With the Comptroller and the Commissioner of Finance and Administration, the committee is responsible for reviewing, at least annually, the organization and operation of state government to determine if changes are needed.

An organization chart of the department is on the following page.

**FISCAL REVIEW COMMITTEE
ORGANIZATION CHART**



AUDIT SCOPE

We have audited the Fiscal Review Committee for the period July 1, 1997, through June 30, 2000. Our audit scope included a review of management's controls and compliance with policies, procedures, laws, and regulations in the areas of expenditures and payroll and personnel. The audit was conducted in accordance with generally accepted government auditing standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS

EXPENDITURES

Our objectives in the review of expenditures were

- to consider management's overall internal control environment in planning the audit and preparing the written audit program,
- to obtain a general knowledge of the types and amounts of annual expenditures,
- to detect unusual or unexpected patterns or trends in expenditures, and
- to determine propriety of transaction authorization.

We interviewed key employees, reviewed the organization chart, examined relevant correspondence received, and considered management's overall control environment. Reports comparing current-year actual expenditures to prior-year actual expenditures and actual expenditures to budgeted expenditures for each fiscal year were obtained from the Division of State Audit's Information Technology staff. These reports were analyzed and significant variances were discussed with the committee's administrative staff. Corroborating evidence was obtained and reviewed as considered necessary. Various documents identifying specific expenditures were examined for approval by the appropriate personnel. All documents reviewed were properly approved.

Based on our interviews, the review and analysis of reports of actual and budgeted expenditures, and review of supporting documentation for significant variances, it appears that the amounts and types of expenditures were in substantial conformity with budgeted expectations and no unexplained unusual or unexpected patterns or trends in expenditures occurred. Furthermore, expenditure transactions were properly authorized.

PAYROLL AND PERSONNEL

Our objectives in the review of payroll and personnel were

- to consider management's overall internal control environment in planning the audit and preparing the written audit program, and
- to perform analytical procedures to detect unusual or unexpected changes in gross pay.

We interviewed key employees, reviewed the organization chart, examined relevant correspondence received, and considered management's overall control environment. Reports comparing current-year actual expenditures to prior-year actual expenditures and actual expenditures to budgeted expenditures for each fiscal year were obtained from the Division of State Audit's Information Technology staff. The reports were analyzed and significant variances were discussed with the committee's administrative staff. Corroborating evidence was obtained and reviewed as considered necessary.

Based on our interviews, the review and analysis of reports of actual and budgeted payroll, and review of supporting documentation for significant variances, it appears that the amounts and types of payroll expenditures were in substantial conformity with budgeted expectations and no unexplained unusual or unexpected patterns or trends in payroll occurred.

PRIOR AUDIT FINDINGS

There were no findings in the prior audit report.

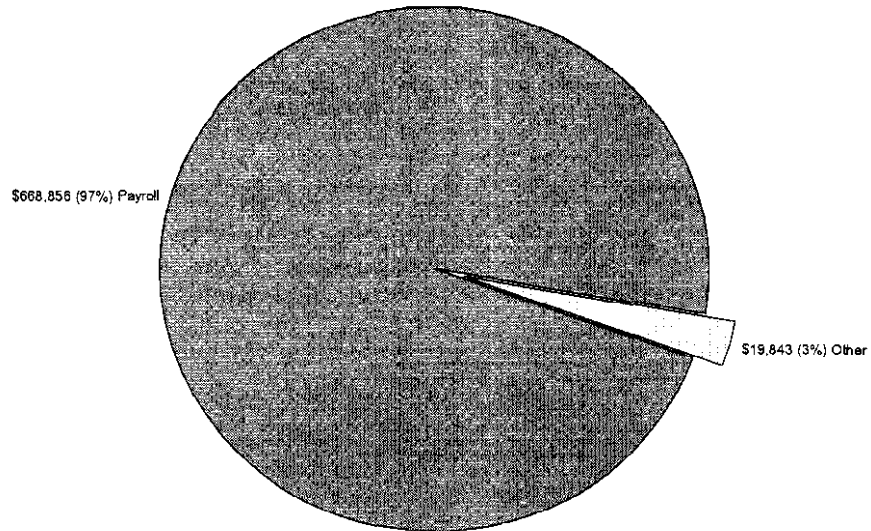
APPENDIX

ALLOTMENT CODE

Fiscal Review Committee allotment code—301.50

Fiscal Review Committee Expenditures

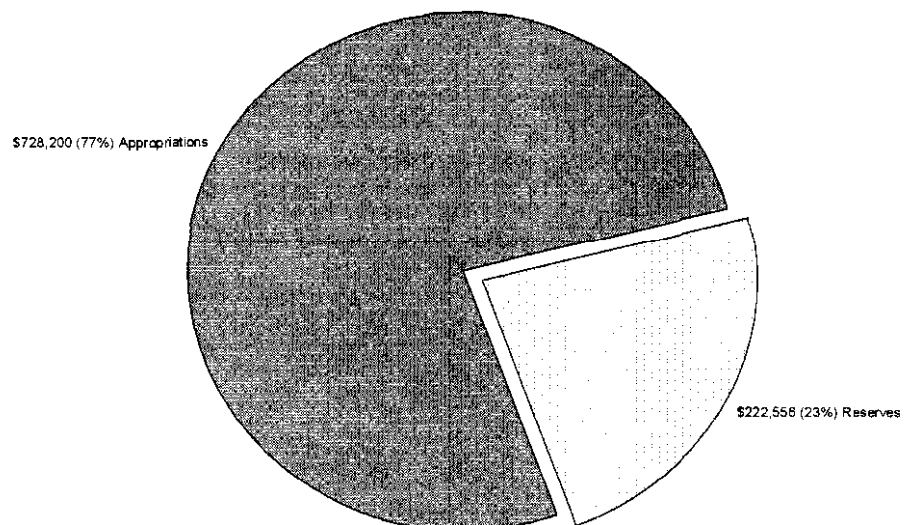
Fiscal Year Ended June 30, 2000 (Unaudited)



Source: Fiscal Review Committee

Fiscal Review Committee Funding Sources

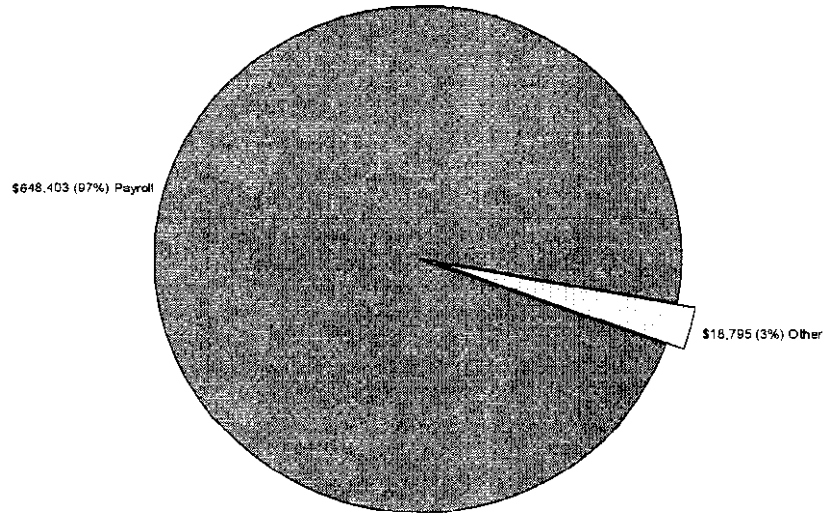
Fiscal Year Ended June 30, 2000 (Unaudited)



Source: Fiscal Review Committee

Fiscal Review Committee Expenditures

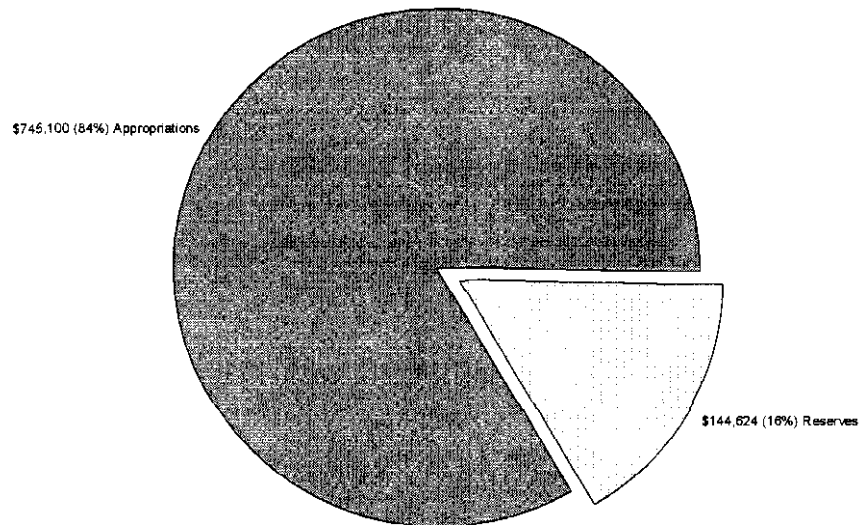
Fiscal Year Ended June 30, 1999 (Unaudited)



Source: Fiscal Review Committee

Fiscal Review Committee Funding Sources

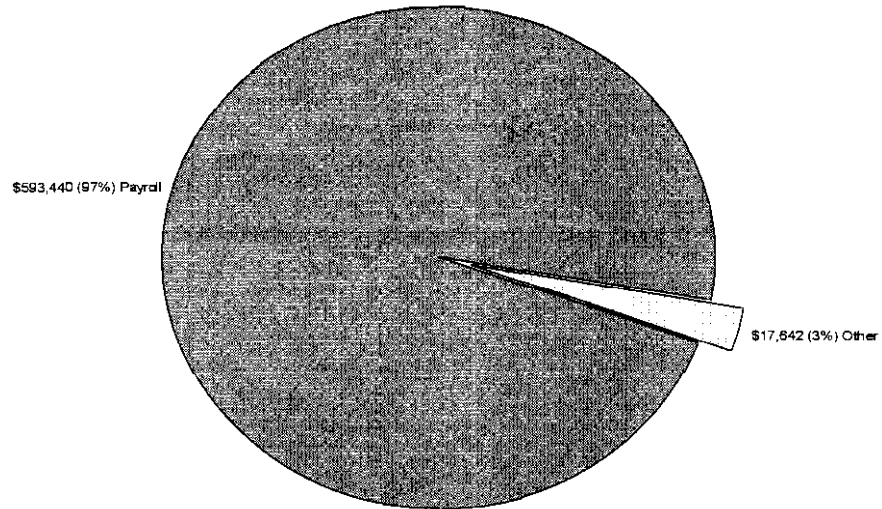
Fiscal Year Ended June 30, 1999 (Unaudited)



Source: Fiscal Review Committee

Fiscal Review Committee Expenditures

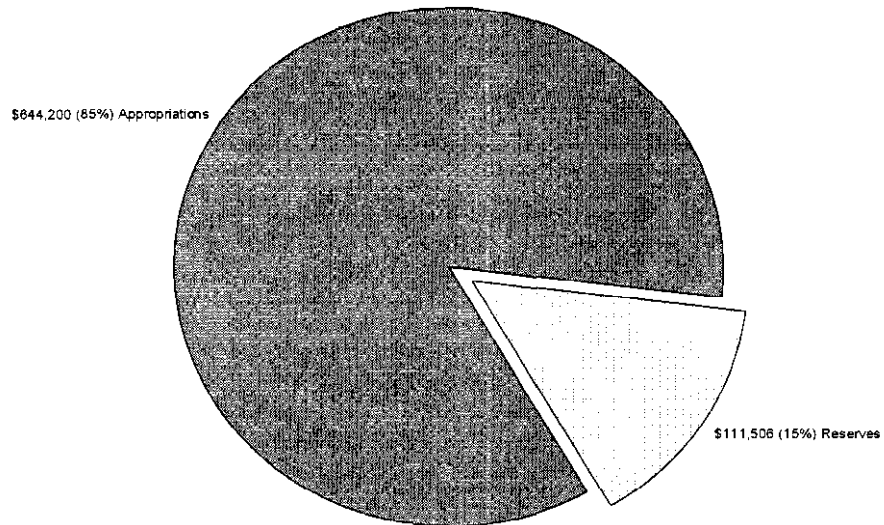
Fiscal Year Ended June 30, 1998 (Unaudited)



Source: Fiscal Review Committee

Fiscal Review Committee Funding Sources

Fiscal Year Ended June 30, 1998 (Unaudited)



Source: Fiscal Review Committee